

Volume No. 1 - Policies & Procedures	TOPIC NO.	50205
Function No. 50000—Payroll Accounting	TOPIC	AGENCY INFORMATION
Function No. 50200 — Establish/Maintain Company Profile Information	DATE	October 2004

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Overview

Introduction

Before an agency can enter employee masterfile records and pay employees, the employing agency (referred to in CIPPS as “company”) must be established in CIPPS. Agencies are established centrally (by DOA) using profile information provided by new agencies on a Company Add/Maintenance Form (PR-12).

During the company set-up process certain commonly used statewide special pay transactions, deductions and standard payroll report parameters are established. Variations from standard set-ups are also available upon request. Agencies must also ensure they are registered to withhold, deposit, and report any federal or state employment taxes. This topic provides information on:

- Preparing the Company Add/Maintenance Form.
 - Obtaining a federal employer identification number (EIN), State ID number, and State unemployment insurance identification number.
 - Paying and reporting employment taxes.
 - Establishing default programmatic (general ledger account) coding.
 - Adding additional special pay transactions and deductions.
 - Changing Check Limits.
 - Changing existing report parameters.
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Company Add/Maintenance Form

Company Add Maintenance Form

To establish (or change information) an agency in CIPPS, provide the following information to DOA using the Company Add/Maintenance Form (PR-12). The form is available on the DOA website (www.doa.virginia.gov).

- Company Number
 - Company Name
 - PO Box or suite number where the agency is located
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Company Add/Maintenance Form, Continued

Company Add Maintenance Form, (continued)

- Street Address
- City, State and Zip code
- Federal Identification Number (assigned by IRS) State ID (Account) Number (assigned by the Department of Taxation)
- State Unemployment Insurance Identification (assigned by the Virginia Employment Commission)

Employer Identification Numbers (EIN)

Federal and State Employer Identification Numbers

Federal and state identification numbers are required for all new agencies. These identification numbers are used to identify each individual state agency to the IRS, the Virginia Department of Taxation and to the Virginia Employment Commission (VEC). Applications are available on the websites listed below.

- Federal Employer Identification Number - Form SS-4, Application for Employer Identification Number (same receipt if requested by telephone)
<http://www.irs.gov/pub/irs-fill/fss4.pdf>
- VEC ID Number – Form VEC FC-27 (Report to Determine Liability for State Unemployment Tax)
http://www.vec.virginia.gov/pdf/fc_27new.pdf

State Tax Number – Form R-1, Virginia Department of Taxation Business Registration application
http://www.tax.virginia.gov/web_pdfs/busforms/fr199.pdf

The federal EIN must be received before filing for the VEC and state tax numbers.

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Paying and Reporting Federal Taxes

Automated Tax Deposits

The reporting and payment of federal payroll taxes for CIPPS agencies is coordinated centrally through the Federal Automated Deposit (FAD) program at DOA. Participation in FAD is mandatory for CIPPS agencies. The program was developed to ensure agency payrolls comply with strict electronic federal tax deposit schedules. Agencies must file the following form with the IRS to participate in the FAD program:

- Form 8655 Reporting Agency authorization for Magnetic Tape/Electronic Filers – authorizes the Commonwealth’s financial institution (Reporting Agent) to file an agency’s federal tax deposits electronically using EFTPS.

Once the Form 8655 is returned to DOA, DOA forwards the information to a third party vendor, who then completes the Form 9779 Electronic Federal Tax Payment System which registers an agency to participate in the Electronic Federal Tax Payment System (EFTPS) program.

Completion of these forms is an integral part of the new company set-up process. Agencies cannot certify payrolls until the forms are filed and confirmation is received from the IRS.

Agency Default Coding

Agency Default Coding

As part of the set-up process, agencies must provide DOA with default expenditure coding for the CIPPS general ledger interface and the automated healthcare reconciliation. The payroll general ledger interface default coding serves as backup coding for posting agency payroll expenditures to CARS when programmatic data for an employee has not been established in CIPPS at the time of payroll certification. Agencies are responsible for correcting the expenditure coding when necessary using ATVs.

The automated healthcare default coding is used to charge agencies for premium shortages identified during the automated healthcare reconciliation process. Refer to CAPP Topic No., 50430, *Health Insurance*, for additional information on the reconciliation process.

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Special Payments

Definition

Certain statewide special pay codes are automatically established when a company is set-up in CIPPS. Special payments can be processed as automatic or one-time only special pays. Automatic special pays are processed automatically each time an employee is paid. One-time only special payments are processed for the current period only. Generally, special pay transactions are payments other than regular, overtime and shift differential. They supplement an employee's regular earnings or salary. Special pay transactions include but are not limited to:

- Sick, annual and compensatory leave pay outs
- Meal reimbursements
- Moving and relocation payments
- VSDP and workers compensation payments

Refer to CAPP Topic No. 50515, *Special Payments*, for more information.

Establishing New Special Payment Types

To request new special pay types for your agency, contact the Payroll Production Unit at DOA, via email at payroll@doa.virginia.gov. Specify the type of special pay needed including taxing and reporting requirements. A maximum of 250 special pays can be established for each agency.

Deductions

Establishing New Deductions

Before standard deductions can be processed on an agency's payroll, the deduction must be established for the agency. Upon set-up in CIPPS, agencies have access to a commonly used sub-set of all standard statewide deductions. Some infrequently used but available deductions may not be set-up at this time. To request a standard deduction to be established for your agency, contact the Payroll Production Unit at DOA, via email at payroll@doa.virginia.gov. Refer to CAPP Topic No. 60201, *CIPPS Codes*, for a listing of standard statewide deductions.

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Check Limits

Check Limit Edits and Report 59

Check limits are established to guard against possible overpayments to employees. When applied, the check limits do not interfere with the pay process. However, Report 59 (Gross Pay Limit Exceeded) lists all payments/hours paid in a particular pay period that exceed agency default values. Several control switches determine how check limits will be applied. The control switches are automatically established, with default values at the time the agency is set-up in CIPPS. In most instances agencies use the default values entered on the company header. However, to request a change for either of the control switches, contact the Payroll Production Unit at DOA, via email at payroll@doa.virginia.gov.

A description of the control switches and their default values are described in the following sections.

Salaried – Check Limits

The **Check Limit** control switch governs processing for salaried employees and is applied against gross pay as a percent of Regular Pay (H0BID). Check limits are established by frequency and CIPPS defaults to 2.000 (200% or twice regular pay) for all four frequency ranges.

Hourly – Company Excess Hours

The **Company Excess Hours** control switch governs processing for wage employees and is applied based on the Hours Edit Options established at the company level described below:

Hours Edit Options	Description
0 (default)	Issue message if timecard hours exceed three times STANDARD HOURS.
1	Issue message if timecard hours exceed STANDARD HOURS 1 established on the Employee Master File using the H0BID.
2	Issue message if timecard hours exceed STANDARD HOURS 2 established on the Employee Master File using the H0BID.
3	Issue message if timecard hours exceed the value in the COMPANY EXCESS HOURS field. Allows the agency to specify the maximum number of timecard hours allowed if option 3 is selected for the company excess hours switch.

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Check Limits, Continued

Hourly – Company Excess Hours, continued

The excess hours switch defaults to a value of 0, indicating that a message will appear on Report 59 for any employee with timecard hours that exceeds three times the Standard Hours for that frequency. See CAPP Topic 50305, *New Employee Adds*, for each frequency range's Standard Hour default values.

Standard Reports

Remote Printing

Agencies receive CIPPS reports via remote print, the preferred method of report distribution. Exceptions to receive paper reports via interagency mail, messenger or U.S. postal service must be approved by the Manager of State Payroll Operations. For more information contact the Payroll Production Unit at DOA, via email at payroll@doa.virginia.gov.

Report Print Parameters

CIPPS offers numerous payroll and leave accounting reports including quarter-end- and year-end reports. Report print parameters are determined by the agency using the agency's organization set-up. Certain reports can be set-up to provide totals and page breaks on each organizational level, or totals only without page breaks. To change the sort sequence, the totaling method, or the page breaks of CIPPS reports, contact DOA Payroll Production, by email at payroll@doa.virginia.gov.

Internal Control

Internal Control

Agency management is responsible for securing the appropriate federal and state employer identification numbers required to withhold payroll taxes. Any changes to EIN information must be sent DOA as soon as possible to ensure the timely reporting and remittance of employer withholding taxes.

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Records Retention

Time Period Agency company control information should be completed by payroll administrators and reviewed by agency fiscal officers. The company records should be maintained for five years or throughout an APA audit, whichever is longer.

Contacts

DOA Contact Director, State Payroll Operations
Voice: (804) 225-2245
E-mail: Payroll@doa.virginia.gov

Payroll Business Analyst/Trainer
Voice: (804) 225-3120 or (804) 225-3079
E-mail: Payroll@doa.virginia.gov

Subject Cross References

References CAPP Topic No. 50305, *New Employee Adds*
CAPP Topic No. 50430, *Health Insurance*
CAPP Topic No. 50515, *Special Payments*
CAPP Topic No. 60201, *CIPPS Codes*
CAPP Topic No. 60202, *Blank Forms*
